

Anya Martin: Does London really have a housing shortage?

Statistics can suggest it doesn't, but they conceal more than they reveal

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London's housing woes are hard to miss. With the average London rent now topping **£2,000 a month**, it's no surprise that **Londoners point to housing as the most important issue** the city is facing, beating even crime to the top spot. Read the local news and you will be confronted with story after story of how crippling housing shortages are pushing up the price of housing. Analysis of demand by Savills suggests that to bring rents down, the capital would need to build as many as 100,000 homes a year.

But is it really the case that there's a housing shortage? Recently, a report by think-tank Positive Money claimed to debunk this notion. It argued that in 2020, there were 7.5 per cent more homes in London than there were households.

This line of argument, that there cannot be a shortage where there are empty homes, is quite intuitive. But is it right? To put it bluntly, no. Comparing the number of homes with the number of households is a poor way to measure housing need. In fact, the **government specifically warns people not to make this mistake** in their guidance on calculating how many homes are required.

The reason for this is that the formation of new households is constrained by the availability of housing: a household cannot exist without a home.

As a result, the number of homes will *always* be greater than the number of households. If there aren't enough homes available, this pushes up the price and people stop forming new households: they stay with their parents, they share a home with friends instead of getting their own place, and they put off having children.

We have seen all of the above becoming more common in London's rental market. These people become "concealed households": households trapped within another existing one. Just under **12 per cent of London households**, about 400,000 of them, are thought to contain a concealed household. A statistic, but one that contains a shocking degree of misery for the many people wanting to start their own independent lives.

And of course, some level of empty homes is unavoidable: properties can be temporarily empty for any number of reasons, including sales, relets, deaths, or renovations. One of the most common reasons for a home on the private market to be empty is that the owner is experiencing financial difficulties and cannot afford to renovate and relet it. That doesn't mean there is no one in London who wants that home, it just means the owner cannot put it on the market.

An example may make this clearer. Positive Money's report rightly calls for an increase in the supply of social housing. But if we were to use the assumptions they make, we would see that there are just over 13,500 empty council or housing association homes in London alone. Does that mean that there is no shortage of council homes, and that we should look to allocate those before we build any more?

Clearly not. We know there are over 200,000 households on the waiting list for a social home. The fact that there are so "many" empty ones is a statistical artefact: there will always be some homes that are in between tenants, undergoing works, or where the resident has had to move out for an extended period, such as a hospital stay. And 13,500 is a tiny fraction of the 800,000 such homes in the capital, at just 1.7 per cent.

Similarly, there are 87,000 empty private homes in London, most of which are only empty in the short term. This is nowhere near enough to house all the 400,000 "concealed households" in the city, let alone have some natural slack in the market. A market with zero empty homes means no one can ever move house.

So yes, there is a shortage of homes in London. It really is that simple. This shortage affects all tenure types, from social rent to market sale. And it is precisely this shortage which results in a bidding wars between tenants, where only those on the highest incomes are able to afford places of their own. Any effective policy programme will have to resolve this fundamental problem.

Anya Martin is director of [PricedOut](#), England's campaign for housing affordability. PricedOut calls for action from government to build more homes and reduce the cost of decent housing.

Resource:

<https://www.onlondon.co.uk/anya-martin-does-london-really-have-a-housing-shortage/>

- **Read the case study above and answer the following question**

GROUP WORK: Up to 5 students per group

- **Question:** Describe the Housing crisis problem, its:
 1. **Define the problem** including its nature – Why has the problem occurred?
 2. Discuss the actual and potential **impact** of the problem
 3. **Causes** – Construct a fishbone diagram to identify the possible causes.
 4. Identify the **real cause(s)** causing the complex problem out of the identified possible causes above.
 5. **Solutions** – your suggested solutions (one to three solutions)
 6. **Discuss** your findings and the solution with the class.